

## TRANSPORTATION DEPARTMENT[761]

### Adopted and Filed

#### Rule making related to capital match revolving loan fund

The Department of Transportation hereby amends Chapter 923, “Capital Match Revolving Loan Fund,” Iowa Administrative Code.

#### *Legal Authority for Rule Making*

This rule making is adopted under the authority provided in Iowa Code sections 307.12 and 307A.2 and in 1985 Iowa Acts, chapter 265.

#### *State or Federal Law Implemented*

This rule making implements, in whole or in part, 1985 Iowa Acts, chapter 265.

#### *Purpose and Summary*

The Department is adopting amendments to Chapter 923 to update the chapter. The following list explains each amendment:

- Item 1 updates subrule 923.1(1), which explains the scope of the chapter, to include state-funded capital projects in addition to federally funded capital projects. This change will allow public transit systems to obtain local matching funds required to qualify for capital purchases under state-funded projects. Federal capital projects remain eligible for local matching funds under the Capital Match Revolving Loan Fund. Since fiscal year 2007, the Department has been the recipient of money from the Rebuild Iowa Infrastructure Fund for the Public Transit Infrastructure Grant Program as detailed in Chapter 924. The Rebuild Iowa Infrastructure Fund is to be used to fund public transit vertical infrastructure projects. Making state-funded capital projects eligible through the Capital Match Revolving Loan Fund will ensure that every transit agency can apply for Public Transit Infrastructure Grant Program funds and complete projects in a timely manner. Item 1 also updates subrule 923.1(2) to correct the name of the office responsible for administering this chapter and to add the Department’s website address.

- Item 2 adds the definitions of “department,” “project” and “public transit system” to the chapter instead of referring the reader to another chapter to find the definitions.

- Item 3 makes changes to rule 761—923.3(71GA,ch265), which concerns system eligibility criteria, to clarify the language and to coordinate the criteria within the rule with the criteria included in 761—paragraphs 920.5(1)“a,” “b,” and “c.” The Department is removing language concerning use of a centralized accounting system and having one person responsible for managing assets, operations and funding of the system in favor of language requiring compliance with applicable state and federal laws and regulations and the required length of time to keep documentation. The type of accounting system used and number of staff involved at the public transit agency level do not matter so long as the state and federal financial requirements are followed.

- Item 4 makes changes to rule 761—923.4(71GA,ch265), which concerns project eligibility criteria, to strike a criterion that is no longer applicable concerning federal funding eligibility since the Department now includes state projects funded through the Public Transit Infrastructure Grant Program. This item also makes editorial changes for clarity and consistency and corrects a reference to an Iowa Code citation that defines the term “vanpool.”

- Item 5 updates rule 761—923.5(71GA,ch265), which concerns procedures, to reflect that a loan request may be for either state or federal funding, to strike the obsolete division name of “air and transit division” and replace it with “department,” to make editorial corrections for readability, and to change “signing” of contracts to “execution” to reflect electronic signature methods. This item also changes the approval decisions from the Transportation Commission to the Department to allow for expediency in providing loans as requests are submitted. Item 5 also removes the following duplicative wording: “Submission may be on an annual or individual basis.” The timing for submitting an application is already explained under subrule 923.5(2) and allows for loan requests to be made annually or at any time a specific need arises.

#### *Public Comment and Changes to Rule Making*

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on January 3, 2018, as **ARC 3535C**. No public comments or requests for oral presentations were received. No changes from the Notice have been made.

#### *Adoption of Rule Making*

This rule making was adopted by the Department on February 13, 2018.

#### *Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

#### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the person’s circumstances meet the statutory criteria for a waiver may petition the Department for a waiver under 761—Chapter 11.

#### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

#### *Effective Date*

This rule making will become effective on April 18, 2018.

The following rule-making actions are adopted:

ITEM 1. Amend rule 761—923.1(71GA,ch265) as follows:

#### **761—923.1(71GA,ch265) General information.**

**923.1(1) Scope of chapter.** The general assembly appropriated money from the petroleum overcharge fund to the department to be used as a revolving loan fund for transit capital purchases by public transit systems. The revolving loan fund will enable public transit systems to obtain the matching funds required to qualify for capital purchases under state or federally funded projects. The fund will provide multiyear interest-free loans to public transit systems to allow faster capital acquisitions. Loan recipients shall be required to demonstrate ability to repay the loan from budgeted funds or revenues.

**923.1(2) Information.** ~~Information requests~~ Requests for information about and for assistance, and answers to questions about with the preparation and submission of loan requests ~~may be obtained by~~

~~contacting~~: should be directed to the Office of Public Transportation, Air and Transit Division Transit, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; telephone (515)233-7870. Information is also available on the department's website at [www.iowadot.gov](http://www.iowadot.gov).

ITEM 2. Amend rule 761—923.2(71GA,ch265) as follows:

**761—923.2(71GA,ch265) Definitions.** The definitions in rule 761—920.3(324A), Iowa Administrative Code, for “department,” “public transit system,” and “project” shall also apply to this chapter.

“Department” means the Iowa department of transportation.

“Project” means a concerted set of actions that will develop, maintain or improve one or more elements of the public transit system’s service.

“Public transit system” means the same as defined in Iowa Code section 324A.1.

ITEM 3. Amend rule 761—923.3(71GA,ch265) as follows:

**761—923.3(71GA,ch265) System eligibility.** A public transit system is eligible to request a capital assistance loan from the revolving loan fund ~~if it~~ provided that the public transit system complies with all of the following criteria:

~~923.3(1) It uses a centralized accounting system that maintains primary documentation for all revenue and expenses~~ The transit system abides by all applicable state and federal laws and regulations.

~~923.3(2) One person is responsible for managing the assets, operations, and funding of the system~~ The transit system maintains primary documentation for all revenues and expenses for a period of at least three years.

~~923.3(3) It~~ The transit system maintains ~~its~~ the system’s policies, routes, schedules, fare structure, and budget in a manner that encourages public review, responsiveness to user concerns, energy conservation, and fiscal solvency.

ITEM 4. Amend rule 761—923.4(71GA,ch265) as follows:

**761—923.4(71GA,ch265) Project eligibility.**

**923.4(1)** A project is eligible if it meets all of the following criteria:

~~a. It~~ The project is a transit-related project for a capital purchase, e.g., new or replacement vehicles, facilities, or both.

~~b. It qualifies for federal funding approval which includes meeting the federal spare vehicle ratio requirement.~~

~~c. b.~~ The project meets an identifiable transit need that has been included in the public transit system’s planning or programming document.

~~d. c.~~ The project is part of a statewide program of transit projects which has been adopted by the transportation commission.

~~e. d.~~ The local funding needed for the project justifiably exceeds the public transit system’s annual capital match funding capability.

**923.4(2)** A project to purchase vans for a vanpool, as defined in Iowa Code ~~subsection 325.1(9)~~ section 325A.12, may be submitted by an individual or a group through the appropriate public transit system. A vanpool project is eligible for an interest-free loan from the revolving loan fund only after funds for all other projects have been allocated.

ITEM 5. Amend rule 761—923.5(71GA,ch265) as follows:

**761—923.5(71GA,ch265) Procedure.**

~~923.5(1) Federal funding~~ Funding request. The public transit system shall submit ~~an~~ a funding application for ~~federal funding approval~~ of the proposed project to either the ~~air and transit division~~ department or to the Federal Transit Administration, as required by the type of funding requested.

**923.5(2) Loan request.** The public transit system shall normally submit a request for a revolving fund loan to the ~~air and transit division~~ department when the annual grant application is made, but may

submit a request at any time if a specific need arises. The request shall include, but not be limited to, the following topics and documents:

*a. to e.* No change.

**923.5(3) *Criteria for selection.*** The ~~air and transit division~~ department shall review each loan request and shall evaluate the projects for funding. Based on the following criteria (~~not listed in order of preference in no particular order~~), preference shall be given to projects that:

*a. to f.* No change.

**923.5(4) *Approval.*** Based on available funds, the ~~air and transit division~~ department shall approve loans for projects meeting the criteria in subrule ~~923.4(1)~~ or shall submit recommended loan projects meeting the criteria in subrule ~~923.4(2)~~ to the transportation commission for approval. Submission may be on an annual or an individual basis rule 761—923.4(71GA,ch265).

**923.5(5) *Agreement.*** Upon approval ~~by the transportation commission~~, the ~~air and transit division~~ department shall prepare a loan contract and send it to the public transit system for signing. ~~The signed contract shall be returned to the air and transit division for signing by the department execution.~~

**923.5(6) *Default.*** If a public transit system fails to make a loan payment as agreed in the contract, the ~~air and transit division~~ department may, at its option, deduct the amount of any past due loan payment ~~past due~~ from state transit assistance payments allocated to that transit system.

[Filed 2/14/18, effective 4/18/18]

[Published 3/14/18]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 3/14/18.